



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

November 15, 1991

Mr. Lee R. Brown
Magnesium Corporation of America
238 North 2200 West
Salt Lake City, Utah 84116

Dear Mr. Brown:

Re: Reclamation Surety, Magnesium Corporation of America (Magcorp), Rowley
Magnesium Facility, M/045/008, Tooele County, Utah

Division records indicate that a reclamation surety in the form of an escrow account in the amount of \$15,278 (1984 dollars) was posted by Magcorp in 1990 when this operation was officially transferred from Amax. The amount of surety was not updated by the Division at that time in order to expedite the transfer process and accommodate the extenuating circumstances MagCorp was facing.

The reclamation cost estimate for the Rowley Facility was calculated in 1979 and projected to 1984 dollars. Under Division policy and a directive from the Board of Oil, Gas and Mining, this estimate will need to be escalated to a value projected five years into the future from today's dollars. The original reclamation estimate may need to be adjusted accordingly if the facilities have changed since the original estimate was calculated.

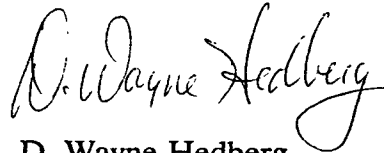
In order to evaluate the adequacy and accuracy of the original estimate, an onsite inspection will need to be performed by Division staff. This inspection will be the basis for any adjustment to the reclamation cost estimate. A new reclamation contract form will also need to be completed to reflect any change in the amount or form of reclamation surety.

Please contact me or Tony Gallegos of the Division staff within the next 30 days to coordinate scheduling of an acceptable inspection date of the Rowley Facility.

Page 2
Magnesium Corp. of America
M/045/008
November 15, 1991

Thank you for you cooperation in resolving this permitting matter.

Sincerely,

A handwritten signature in cursive script that reads "D. Wayne Hedberg".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
cc: Lowell Braxton
Tony Gallegos
M045008

100218